

COMMUNITY OPPORTUNITIES, INC.
D/B/A NEW OPPORTUNITIES, INC.

INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

YEAR ENDED SEPTEMBER 30, 2012

NEW OPPORTUNITIES, INC.

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NEW OPPORTUNITIES, INC.

BOARD OF DIRECTORS

Executive Board of Directors

Eugene Meiners	President
Rick Hecht	Vice President
Betty Weidert	Secretary
Bart Thoreson	Treasurer

Board Members

<u>County</u>	<u>Representing</u>		
	<u>Government</u>	<u>Low-Income</u>	<u>Private</u>
Audubon	Gary VanAernam	Pastor Jud Stover	John Hays
Calhoun	Gary Nicholson	Betty Weidert	Vacancy
Carroll	Eugene Meiners	Christopher Warneka	Robert McKone
Dallas	Mark Hanson	Shirley Keenan (Resigned October, 2012)	Vacancy
Greene	Tom Contner	Tom Heater (Resigned December, 2012)	Joyce Morris
Guthrie	Tom Rutledge	Del Wedemeyer (Resigned December, 2012)	Teresa Mowrer
Sac	Rick Hecht	Kathy Brenny	Bart Thoreson

Agency Officials

Chad Jensen	Chief Executive Officer
Sheri Mertz	Chief Financial Officer

Gronewold, Bell, Kyhnn & Co. P.C.

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CHRISTOPHER J. NELSON
DAVID A. GINTHER

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Opportunities, Inc.
Carroll, Iowa

We have audited the accompanying statement of financial position of New Opportunities, Inc. as of September 30, 2012 and the related statements of activities, changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Opportunities, Inc. as of and for the year ended September 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 23, 2013 on our consideration of New Opportunities, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

To the Board of Directors
New Opportunities, Inc.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise New Opportunities, Inc.'s basic financial statements. The supplementary information included on Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

 + W. P. C.

Atlantic, Iowa
January 23, 2013

NEW OPPORTUNITIES, INC.
Statement of Financial Position
All Funds
September 30, 2012

ASSETS	Administrative Fund	Program Funds	Plant Fund	Total
Cash	\$ 130,750	\$ 415,295	\$ --	\$ 546,045
Investments	11,099	--	--	11,099
Receivables:				
Grantor agencies	--	586,796	--	586,796
Other sources	1,513	63,351	--	64,864
Prepaid expenses	2,943	--	--	2,943
Inventory	10,041	--	--	10,041
Deferred financing costs	38,801	--	--	38,801
Property and equipment at cost, less accumulated depreciation of \$616,245	--	--	2,132,465	2,132,465
Total Assets	<u>\$ 195,147</u>	<u>\$ 1,065,442</u>	<u>\$ 2,132,465</u>	<u>\$ 3,393,054</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Payables:				
Accounts	\$ 2,145	\$ 169,962	\$ --	\$ 172,107
Salaries and benefits	38,855	290,982	--	329,837
State advance	--	32,087	--	32,087
Deferred revenue	8,132	408,528	--	416,660
Revenue bond	1,251,365	--	--	1,251,365
Total Liabilities	1,300,497	901,559	--	2,202,056
Net Assets				
Unrestricted	(1,105,350)	--	1,980,581	875,231
Temporarily restricted by grantor agencies	--	163,883	151,884	315,767
Total Net Assets	<u>(1,105,350)</u>	<u>163,883</u>	<u>2,132,465</u>	<u>1,190,998</u>
Total Liabilities and Net Assets	<u>\$ 195,147</u>	<u>\$ 1,065,442</u>	<u>\$ 2,132,465</u>	<u>\$ 3,393,054</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Activities
All Funds
Year Ended September 30, 2012

	Administrative Fund	Program Funds	Plant Fund	Total
Revenues:				
Governmental Funding Sources:				
Iowa Department of Human Rights	\$ --	\$ 2,838,799	\$ --	\$ 2,838,799
U.S. Department of Health and Human Services	--	2,164,807	--	2,164,807
Iowa Department of Public Health	--	1,400,737	--	1,400,737
Iowa Department of Education	--	1,013,632	--	1,013,632
Iowa Department of Human Services	--	267,477	--	267,477
U.S. Department of Homeland Security	--	4,813	--	4,813
Various	--	130,155	--	130,155
In-Kind Contributions	--	515,934	--	515,934
Public Support and Contributions	2,048	543,700	--	545,748
Co-Funding	--	48,162	--	48,162
Investment Income (Loss)	(17,453)	2	--	(17,451)
Rental income	121,083	--	--	121,083
Investment in Plant	--	--	18,718	18,718
Miscellaneous	28,151	415,636	--	443,787
Total Revenues	133,829	9,343,854	18,718	9,496,401
Expenses:				
Head Start	--	2,687,463	--	2,687,463
Community Services Block Grant (CSBG)	--	161,589	--	161,589
Low-Income Home Energy Assistance Program (LIHEAP)	--	1,806,101	--	1,806,101
Weatherization Assistance	--	746,718	--	746,718
Maternal and Child Health	--	209,775	--	209,775
Family Planning	--	81,254	--	81,254
Women, Infants and Children (WIC)	--	375,723	--	375,723
Child and Adult Care Food Program (CACFP) - Homes	--	515,947	--	515,947
Homeless Prevention and Rapid Rehousing	--	97,184	--	97,184
Substance Abuse Programs	--	1,007,203	--	1,007,203
Empowerment Programs	--	471,717	--	471,717
Other Programs	--	1,071,895	--	1,071,895
Administration	130,162	--	--	130,162
Depreciation	--	--	123,871	123,871
Total Expenses	130,162	9,232,569	123,871	9,486,602
Excess of Revenues Over Expenses (Expenses Over Revenues)	3,667	111,285	(105,153)	9,799
Change in Unrealized Gains and Losses on Investments, Other Than Trading Securities	19,259	--	--	19,259
Change in Net Assets	\$ 22,926	\$ 111,285	\$(105,153)	\$ 29,058

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Changes in Net Assets
All Funds
Year Ended September 30, 2012

	<u>Administrative Fund</u>	<u>Program Funds</u>	<u>Plant Fund</u>	<u>Total</u>
Net Assets at Beginning of Year	\$(1,128,276)	\$ 52,598	\$ 2,237,618	\$ 1,161,940
Change in Net Assets	<u>22,926</u>	<u>111,285</u>	<u>(105,153)</u>	<u>29,058</u>
Net Assets at End of Year	<u>\$(1,105,350)</u>	<u>\$ 163,883</u>	<u>\$ 2,132,465</u>	<u>\$ 1,190,998</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Functional Expenses
Administrative Fund and Program Funds
Year Ended September 30, 2012

	Administrative Fund	Program Funds	Total
Salaries and wages	\$ 344,307	\$ 2,580,957	\$ 2,925,264
Fringe benefits	111,062	840,026	951,088
Assistance to individuals	--	3,381,538	3,381,538
Professional fees and contracted services	29,773	205,907	235,680
Travel	10,991	206,367	217,358
Occupancy	29,483	261,262	290,745
Utilities and telephone	9,478	102,648	112,126
Supplies and materials	4,112	317,756	321,868
Equipment	--	65,657	65,657
Printing, publications and postage	403	42,252	42,655
Insurance	3,566	28,088	31,654
Interest expense	82,844	--	82,844
Amortization	1,304	--	1,304
Miscellaneous	4,546	134,308	138,854
Co-funding	--	48,162	48,162
In-kind:			
Labor	--	67,849	67,849
Materials and other	--	448,085	448,085
 Total Expenses Before Allocation of Indirect Costs	 631,869	 8,730,862	 9,362,731
Allocation of indirect costs	(501,707)	501,707	--
 Total Expenses	 <u>\$ 130,162</u>	 <u>\$ 9,232,569</u>	 <u>\$ 9,362,731</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Cash Flows
Year Ended September 30, 2012

Cash flows from operating activities:	
Cash received from State Agencies	\$ 5,322,061
Cash received from Federal Grantors	2,162,182
Contributions received	545,748
Investment income	552
Other receipts	551,307
Cash paid to employees and suppliers	(8,625,003)
Interest paid	(82,844)
Net cash used in operating activities	(125,997)
Cash flows from investing activities:	
Change in investments	13,209
Cash flows from financing activities:	
Principal paid on revenue bond	(42,062)
Net decrease in cash	(154,850)
Cash and cash equivalents at beginning of year	<u>700,895</u>
Cash and cash equivalents at end of year	<u>\$ 546,045</u>

(continued next page)

NEW OPPORTUNITIES, INC.
Statement of Cash Flows - Continued
Year Ended September 30, 2012

Reconciliation of change in net assets to net cash used in operating activities:	
Change in net assets	\$ 29,058
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation	123,871
Amortization	1,304
Loss on sale of investments	18,003
Change in unrealized gains and losses on investments	(19,259)
Changes in assets and liabilities	
Receivables	(70,259)
Prepaid expenses	(1,730)
Inventory	322
Payables	(48,909)
Deferred revenue	(158,398)
Total adjustments	<u>(155,055)</u>
Net cash used in operating activities	<u><u>\$ (125,997)</u></u>

Non-Cash Transaction:

The Agency also incurred the following non-cash transaction in addition to the transactions reflected in the reconciliation of change in net assets to net cash used in operating activities:

Other receivable received for sale of investment	<u><u>\$ 2,246</u></u>
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See notes to financial statements.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Community Opportunities, Inc. d/b/a New Opportunities, Inc. (the Agency), a not-for-profit corporation, is a community action agency that serves the Iowa counties of Audubon, Calhoun, Carroll, Dallas, Greene, Guthrie, and Sac. New Opportunities, Inc. is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law, which provides tax exemption for corporations organized and operated exclusively for religious, charitable, or educational purposes.

New Opportunities, Inc. administers various programs funded by Federal, State and local governmental bodies. Each program is accounted for as a separate fund. As indicated on Exhibit B, the Agency received approximately 78% of its revenues from four governmental funding sources. The Agency has renewed substantially all of these governmental funding sources for fiscal year October 1, 2012 to September 30, 2013.

B. Fund Accounting

The accounts of New Opportunities, Inc. are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, net assets, revenues and expenses. The various funds are summarized as follows in the financial statements:

Administrative Fund - The Administrative Fund represents funds derived from local sources such as donations, rents and miscellaneous activities. The Agency's overall management and administrative expenses are charged to this fund and then allowable indirect costs are allocated to the various programs which the Agency administers.

Program Funds - Program Funds are used to account for the revenues and expenses that are contractually restricted by the funding source for specific purposes.

Plant Fund - The Plant Fund is used to accumulate the net investment in fixed assets and to account for the unexpended resources contributed specifically for the purpose of acquiring fixed assets for the Agency.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

Purchases of property and equipment providing future benefits are recorded as expenses in the program at the time of purchase and capitalized in the plant fund.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Agency and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Temporarily restricted net assets are those whose use by the Agency has been limited by grantor agencies to a specific time period or purpose.

Revenues and expenses are reported as increases or decreases in unrestricted net assets unless use of the related assets is limited by donor- or grantor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

E. Assets, Liabilities and Net Assets

The following accounting policies are followed in preparing the combined statement of financial position:

Cash and Cash Equivalents - The Agency considers demand deposits and all other highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments - Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses (expenses over revenues) unless the income or loss is restricted by donor or law. Unrealized gains or losses are recorded in investment income (loss) on trading securities and as a change in net assets on available for sale and held to maturity securities.

Receivables from Grantor Agencies - Reimbursement procedures used for grants and contracts may result in timing differences between program reimbursements and expenditures as of the beginning and end of the year. Receivables from Grantor Agencies represent an excess of expenditures over cash basis reimbursements at year end.

All receivables are considered fully collectible. Accordingly, no provision for uncollectible amounts has been recorded.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Receivables/Payables from Other Funds - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. To the extent that certain transactions between funds had not been paid or received as of September 30, 2012, balances of interfund amounts receivable or payable have been recorded.

Prepaid Expenses - Prepaid expenses consist of the unexpired portion of insurance premiums for Agency auto, liability, property damage, and worker's compensation coverage.

Inventory - Inventory is valued at the lower of cost or market. Cost is determined on the first-in, first-out basis. The costs of inventories are recorded as expenses when consumed rather than when purchased.

Property and Equipment - Property and equipment are valued at historical cost or estimated cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation.

Property and equipment purchased are recorded as expenses in the fund purchasing the asset. The purchases are then capitalized in the plant fund accumulating the net investment in fixed assets. Depreciation has been provided in the plant fund using the straight-line method over the estimated useful lives of the respective assets, generally 5 to 25 years. The depreciated cost of the property and equipment does not purport to be either a realizable value or a replacement value.

Expenses for maintenance, repairs and minor replacements are charged to the current year, while the cost for major replacements and betterments are capitalized. The cost of assets disposed of is deleted. No interest costs were capitalized during the year ended September 30, 2012.

Deferred Revenue - Deferred revenue represents an excess of cash advances by the funding source over accrued expenses at year end.

Compensated Absences - Employees of the Agency accumulate a limited amount of earned but unused vacation payable to employees. Amounts representing the cost of compensated absences are recorded as liabilities of the Administrative Fund. This liability has been computed based on rates of pay in effect at September 30, 2012.

Advertising and Promotion Costs - Advertising and promotion costs are expensed as they are incurred. Advertising and promotion costs totaled \$36,835 during the year ended September 30, 2012.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

F. In-Kind Contributions

The Agency recognizes donated labor, services, materials and rent-free or rent-reduced usage of facilities and equipment as in-kind revenues at the time the services and materials are received. These in-kind contributions and the corresponding expense are valued at their estimated fair market value and recognized in the financial statements in accordance with grant requirements.

G. Total Column

The total column on the combined statements of financial position, activities, and functional expenses is presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - INDIRECT COST RATE AGREEMENT

New Opportunities, Inc. entered into an Indirect Cost Rate Agreement with their cognizant agency, Department of Health and Human Services, setting a predetermined Indirect Cost Rate (19.9%) for fiscal year October 1, 2011 to September 30, 2012. The Indirect Cost allowed is calculated by multiplying the approved predetermined rate (19.9%) times the allocation base. The allocation base is the Agency's direct salaries and wages, excluding fringe benefits and is applicable to all programs. The use of the Indirect Cost Rate allows for an allocation process of the Agency's costs that are incurred for common or joint objectives and, therefore, cannot be readily and specifically identified with a particular project or activity.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2012

NOTE 3 - MANAGED CARE CONTRACT

The Agency's substance abuse treatment and rehabilitation services are being reimbursed under a managed care contract administered by Magellan Behavioral Health, Inc. The Agency received approximately 4% of its total support and revenue through this contract for the twelve months ended September 30, 2012. The Agency's managed care contract for its current five county service area has been renewed for fiscal year ending September 30, 2013.

NOTE 4 - DEPOSITS AND INVESTMENTS

The Agency's deposits at September 30, 2012 were entirely covered by Federal depository insurance, collateralized with securities or letters of credit held by the Agency or the Agency's agent in the Agency's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Investments are stated as indicated in Note 1. The composition of investments is as set forth below:

Equity securities	<u>\$ 11,099</u>
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All equity securities are classified as available for sale. None of the \$11,099 of equity securities is covered by any form of insurance against loss.

Investment income (loss) and other changes in investments are comprised of the following for the year ended September 30, 2012:

Investment Income (Loss):	
Interest income	\$ 115
Dividend income	437
Realized losses on sale of securities	<u>(18,003)</u>
	<u>\$ (17,451)</u>
Other Changes in Investments:	
Change in unrealized gains and (losses) on available for sale securities	<u>\$ 19,259</u>

NOTE 5 - FAIR VALUE MEASUREMENTS

The Agency's investments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2012

NOTE 5 - FAIR VALUE MEASUREMENTS - Continued

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs are unobservable and have the lowest priority. The Agency uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Agency measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 inputs were available to the Agency, and Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Level 1 Fair Value Measurements

The fair value of publicly traded equity securities is based on quoted net asset values of the shares held by the Agency at year-end.

Level 3 Fair Value Measurements

The closely-held equity securities were not actively traded and significant other observable inputs were not available. Thus, the fair value of the closely-held equity securities was based on book value of the closely-held company per its most recent audited financial statements. Management believed this value approximated current fair value.

The following table sets forth, by level within the fair value hierarchy, the Agency's investments at fair value as of September 30, 2012:

	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Equity securities - publicly traded	\$ 11,099	\$ 11,099

The following table reconciles the beginning and ending balances of fair value measurements for the Agency's level 3 assets using unobservable inputs for the year ended September 30, 2012:

Beginning balance	\$ 15,958
Change in realized losses	(502)
Sale of securities	(15,456)
Ending balance	\$ --

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2012

NOTE 6 - PROPERTY AND EQUIPMENT

A summary of property and equipment comprising the plant fund at September 30, 2012, categorized by acquiring program/source, is as follows:

<u>Acquiring Program/Source</u>	<u>Land and Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Head Start	\$ 66,453	\$ 125,064	\$ 108,269	\$ 299,786
Maternal Health/Child Health	--	--	5,643	5,643
Low Income Home Energy Assistance Program	--	--	30,400	30,400
Substance Abuse	--	--	5,800	5,800
Weatherization Assistance	--	65,001	28,709	93,710
Women, Infants and Children	--	21,466	--	21,466
Community Service Block Grant	--	21,851	--	21,851
Other Grantors	--	--	7,297	7,297
General Agency	<u>2,231,020</u>	<u>--</u>	<u>31,737</u>	<u>2,262,757</u>
Total Cost	<u>2,297,473</u>	<u>233,382</u>	<u>217,855</u>	<u>2,748,710</u>
Less Accumulated Depreciation	<u>(267,874)</u>	<u>(195,181)</u>	<u>(153,190)</u>	<u>(616,245)</u>
Net	<u>\$2,029,599</u>	<u>\$ 38,201</u>	<u>\$ 64,665</u>	<u>\$2,132,465</u>

The components of the Agency's accumulated depreciation at September 30, 2012 are as follows:

	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Balance Beginning of Year	\$ 181,315	\$ 177,439	\$ 143,815	\$ 502,569
Current Year Depreciation	86,559	17,742	19,570	123,871
Less Disposals	<u>--</u>	<u>--</u>	<u>(10,195)</u>	<u>(10,195)</u>
Balance End of Year	<u>\$ 267,874</u>	<u>\$ 195,181</u>	<u>\$ 153,190</u>	<u>\$ 616,245</u>

NOTE 7 - REVENUE BOND

The following is a summary of the revenue bond payable and related information at September 30, 2012:

Revenue bond payable	<u>\$ 1,251,365</u>
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The revenue bond was issued in December, 2008 in the amount of \$1,400,000. The bond was issued to finance the acquisition of land and a building to house the Agency's operations and is collateralized by a mortgage agreement on the Agency's real estate. The bond matures in 240 equal monthly installments of \$10,408, including interest at 6.5% per annum, through December, 2028.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2012

NOTE 7 - REVENUE BOND - Continued

The principal and interest payments required on the bond for the next five and subsequent years are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 44,879	\$ 80,017	\$ 124,896
2014	47,885	77,011	124,896
2015	51,092	73,804	124,896
2016	54,513	70,383	124,896
2017	58,164	66,732	124,896
2018-2022	354,738	269,737	624,475
2023-2027	490,537	133,943	624,480
2028-2029	<u>149,557</u>	<u>6,574</u>	<u>156,131</u>
	<u>\$ 1,251,365</u>	<u>\$ 778,201</u>	<u>\$ 2,029,566</u>

NOTE 8 - LEASE COMMITMENT

New Opportunities, Inc. leases office space under operating leases which may be canceled by either party by giving written notice ranging from sixty to ninety days of their intention to vacate the lease. The Agency also leases copy machines, phone systems, and a mailing system under non-cancelable operating leases expiring through December, 2018.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of September 30, 2012 are as follows:

<u>Year Ending September 30,</u>	
2013	\$ 26,368
2014	21,852
2015	4,674
2016	4,674
2017	4,674
2018	<u>1,169</u>
Total minimum future rental payments	<u>\$ 63,411</u>

Rental expense under all operating leases for the year ended September 30, 2012 totaled approximately \$44,900.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2012

NOTE 9 - PENSION AND RETIREMENT BENEFITS

Iowa Public Employees Retirement System

The Agency contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.78% (was 5.38% through June 30, 2012) of their annual salary and the Agency is required to contribute 8.67% (was 8.07% through June 30, 2012) of annual covered payroll. Contribution requirements are established by State statute. The Agency's contributions to IPERS for the years ended September 30, 2012, 2011, and 2010 were approximately \$232,400, \$214,500, and \$201,000, respectively, equal to the required contribution for that year.

Tax-Sheltered Annuity

The Agency had established a tax-sheltered annuity arrangement. The plan was available to all employees with one year of service, and a minimum of 1,000 hours of service in a twelve-month period of time.

Under the terms of the plan, the Agency contributed an amount equal to 2 percent of the annual salary for each employee participating in the plan who elected not to participate in IPERS when the Agency began contributing to IPERS in October, 1996 (covered payroll). Each plan participant was required to contribute 1 percent of their annual salary and all such payments were accumulated and invested for individual participants of the plan. Amounts credited to individual participants were 100 percent vested immediately. The accumulated monies were paid upon a participant's retirement or termination.

For the year ended September 30, 2012, the Agency's contributions amounted to \$242 which was 2 percent of its current year covered payroll of \$12,080. Employees' contributions of all participants amounted to \$771. The Agency's total current year payroll for all employees was \$2,925,264. This plan was terminated as of January 26, 2012.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2012

NOTE 10 - EARLY CHILDHOOD IOWA LOCAL AREA

The Agency acts as fiscal agent for Partnership 4 Families (the Organization), an Early Childhood Iowa area created by Audubon, Carroll, Greene, and Guthrie counties pursuant to the provisions of Chapter 256I of the Code of Iowa. The Organization receives state grants to administer early childhood and school ready programs. Financial transactions of the Organization are included in the Agency's financial statements as a Program Fund because of the Agency's fiduciary relationship with the Organization. The Organization's financial data for the year ended June 30, 2012 is as follows:

	Early Childhood Funds	School Ready Funds	Total
State of Iowa Grants:			
Early childhood	\$ 51,505	\$ --	\$ 51,505
Family support & parent education	--	237,656	237,656
Preschool support for low- income families	--	104,348	104,348
Quality improvement	--	43,920	43,920
Allocation for administration	2,711	12,718	15,429
Other grant programs	--	25,284	25,284
Total State of Iowa Grants	<u>54,216</u>	<u>423,926</u>	<u>478,142</u>
Interest	<u>--</u>	<u>18</u>	<u>18</u>
Total Revenues	54,216	423,944	478,160
Program Services:			
Early childhood	51,505	--	51,505
Family support & parent education	--	237,656	237,656
Preschool support for low- income families	--	89,864	89,864
Quality improvement	--	47,734	47,734
Other program services	--	24,724	24,724
Total Program Services	<u>51,505</u>	<u>399,978</u>	<u>451,483</u>
Administration	<u>2,711</u>	<u>12,718</u>	<u>15,429</u>
Total Expenses	<u>54,216</u>	<u>412,696</u>	<u>466,912</u>
Net Change	--	11,248	11,248
Balances - beginning of year	<u>--</u>	<u>43,204</u>	<u>43,204</u>
Balances - end of year	<u>\$ --</u>	<u>\$ 54,452</u>	<u>\$ 54,452</u>

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2012

NOTE 10 - EARLY CHILDHOOD LOCAL AREA - Continued

Condensed Balance Sheet - Partnership 4 Families

Cash	\$	74,350
Payable to Fiscal Agent	(<u>19,898)</u>

Net Assets	\$	<u>54,452</u>
------------	----	---------------

Reconciliation from Partnership 4 Families June 30, 2012 Financial Data to New Opportunities, Inc. September 30, 2012 Financial Data

Total revenues from July 1, 2011 to June 30, 2012	\$	478,160
Less revenues from July 1, 2011 to September 30, 2011	(108,489)
Plus revenues from July 1, 2012 to September 30, 2012		121,548
Change in deferred revenue from September 30, 2011 to September 30, 2012	(<u>19,502)</u>

Total Revenue Earned by New Opportunities, Inc. for Early Childhood Iowa for year ended September 30, 2012	\$	<u>471,717</u>
--	----	----------------

Total expenses from July 1, 2011 to June 30, 2012	\$	466,912
Less expenses from July 1, 2011 to September 30, 2011	(115,993)
Plus expenses from July 1, 2012 to September 30, 2012		<u>120,798</u>

Total Expenses by New Opportunities, Inc. for Early Childhood Iowa for year ended September 30, 2012	\$	<u>471,717</u>
--	----	----------------

June 30, 2012 Net Assets	\$	54,452
Plus revenues from July 1, 2012 to September 30, 2012		121,548
Less expenses from July 1, 2012 to September 30, 2012	(<u>120,798)</u>

September 30, 2012 Net Assets - Deferred Revenue for New Opportunities, Inc.	\$	<u>55,202</u>
---	----	---------------

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2012

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Line of Credit

The Agency has established an open-end line of credit with a local bank with a face amount of \$200,000. The line of credit carries a variable interest rate (4.50% at September 30, 2012) and there was no amount borrowed on the line at September 30, 2012. The agreement expires in April, 2013.

Federal Assistance Grants

New Opportunities, Inc. receives a significant portion of its revenues from government grants and contracts, all of which are subject to audit by the federal government. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits, therefore no liability is accrued on these financial statements.

Agency Risk Management

New Opportunities, Inc. is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Subsequent Event

The Agency has evaluated all subsequent events through January 23, 2013, the date the financial statements were available to be issued.

* * *

SUPPLEMENTAL INFORMATION

NEW OPPORTUNITIES, INC.
Schedule of Activities - Program Funds
Year Ended September 30, 2012

	Head Start - Early Head Start	CSBG	ARRA - Homeless Prevention & Rapid Rehousing
Revenues:			
Governmental Funding Sources:			
Iowa Department of Human Rights	\$ --	\$ 161,589	\$ --
U.S. Department of Health and Human Services	2,096,878	--	--
Iowa Department of Public Health	--	--	--
Iowa Department of Education	74,651	--	--
Iowa Department of Human Services	--	--	--
U.S. Department of Homeland Security	--	--	--
Various	--	--	96,105
In-Kind Contributions	515,934	--	--
Public Support and Contributions	--	--	--
Co-funding	--	--	1,079
Investment Income	--	--	--
Miscellaneous	--	--	--
Total Revenues	2,687,463	161,589	97,184
Expenses:			
Salaries and wages	1,056,158	61,179	18,356
Fringe benefits	336,786	16,677	4,769
Assistance to individuals	136,771	--	62,522
Professional fees and contracted services	31,553	2,272	900
Travel	71,805	5,099	4,221
Occupancy	116,315	1,422	173
Utilities and telephone	33,526	2,145	1,699
Supplies and materials	111,363	6,125	639
Equipment	20,883	1,068	--
Printing, publications and postage	9,462	930	91
Insurance	11,456	484	65
Miscellaneous	25,281	3,854	94
Co-Funding	--	48,162	--
In-Kind:			
Labor	67,849	--	--
Materials and other	448,085	--	--
Total Expenses Before Allocation of Indirect Costs	2,477,293	149,417	93,529
Allocation of Indirect Costs	210,170	12,172	3,655
Total Expenses	2,687,463	161,589	97,184
Excess of Revenues Over Expenses (Expenses Over Revenues)	--	--	--
Net Assets (Deficit) at Beginning of Year	--	--	--
Net Assets (Deficit) at End of Year	\$ --	\$ --	\$ --

(continued next page)

Schedule 1

<u>County Outreach</u>	<u>CACFP</u>	<u>WIC</u>	<u>Child Health</u>	<u>Dental Health</u>	<u>Maternal Health</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	--	375,118	126,061	5,334	42,228
5,651	515,947	--	--	--	--
2,086	--	--	--	--	--
4,813	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
215,979	--	--	--	--	--
20,500	--	605	495	1	1,090
--	--	--	--	--	--
30	--	--	--	--	39,901
249,059	515,947	375,723	126,556	5,335	83,219
79,780	38,436	180,420	71,773	2,028	44,019
27,311	12,941	59,654	22,671	475	13,020
67,450	419,003	22,601	--	2,428	--
200	5,030	8,496	1,200	--	1,200
8,777	9,849	7,567	2,225	--	3,797
25,795	2,936	25,220	2,024	--	3,402
8,577	2,339	5,102	2,854	--	913
7,779	5,750	16,522	3,159	--	3,572
218	2,455	3,143	3,157	--	826
2,011	3,545	2,039	1,311	--	345
1,202	247	1,539	247	--	262
4,083	5,767	7,516	1,652	--	3,103
--	--	--	--	--	--
--	--	--	--	--	--
233,183	508,298	339,819	112,273	4,931	74,459
15,876	7,649	35,904	14,283	404	8,760
249,059	515,947	375,723	126,556	5,335	83,219
--	--	--	--	--	--
(39,164)	(9,786)	2,414	(25,805)	(13)	(17,491)
<u>\$(39,164)</u>	<u>\$(9,786)</u>	<u>\$ 2,414</u>	<u>\$(25,805)</u>	<u>\$(13)</u>	<u>\$(17,491)</u>

NEW OPPORTUNITIES, INC.
Schedule of Activities - Program Funds - Continued
Year Ended September 30, 2012

	<u>Family Planning</u>	<u>Hawk-I</u>	<u>Pregnancy Prevention</u>
Revenues:			
Governmental Funding Sources:			
Iowa Department of Human Rights	\$ --	\$ --	\$ --
U.S. Department of Health and Human Services	--	--	--
Iowa Department of Public Health	57,996	10,365	--
Iowa Department of Education	--	--	--
Iowa Department of Human Services	--	--	59,250
U.S. Department of Homeland Security	--	--	--
Various	--	--	--
In-Kind Contributions	--	--	--
Public Support and Contributions	58	--	--
Co-funding	420	567	--
Investment Income	--	--	--
Miscellaneous	<u>22,780</u>	<u>88</u>	<u>--</u>
Total Revenues	81,254	11,020	59,250
Expenses:			
Salaries and wages	32,148	2,525	29,321
Fringe benefits	9,036	811	9,834
Assistance to individuals	--	--	--
Professional fees and contracted services	1,696	4,700	--
Travel	2,022	216	2,760
Occupancy	3,736	--	--
Utilities and telephone	1,063	--	1,053
Supplies and materials	8,886	2,198	1,474
Equipment	867	--	14
Printing, publications and postage	705	67	74
Insurance	456	--	54
Miscellaneous	4,764	--	8,831
Co-Funding	--	--	--
In-Kind:			
Labor	--	--	--
Materials and other	<u>--</u>	<u>--</u>	<u>--</u>
Total Expenses Before Allocation of Indirect Costs	65,379	10,517	53,415
Allocation of Indirect Costs	<u>15,875</u>	<u>503</u>	<u>5,835</u>
Total Expenses	<u>81,254</u>	<u>11,020</u>	<u>59,250</u>
Excess of Revenues Over Expenses (Expenses Over Revenues)	--	--	--
Net Assets (Deficit) at Beginning of Year	<u>(14,239)</u>	<u>(168)</u>	<u>54</u>
Net Assets (Deficit) at End of Year	<u><u>\$ (14,239)</u></u>	<u><u>\$ (168)</u></u>	<u><u>\$ 54</u></u>

(continued next page)

Weatherization Assistance Programs					
LIHEAP	HEAP	Department of Energy	ARRA - Department of Energy	Utility Company	I-Smile
\$ 1,806,101	\$ 107,357	\$ 242,512	\$ 396,108	\$ 125,132	\$ --
--	--	--	--	--	--
--	--	--	--	--	66,446
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	7,070
--	--	--	--	--	1,118
--	--	--	--	--	--
--	--	--	575	--	81,436
1,806,101	107,357	242,512	396,683	125,132	156,070
98,302	2,326	--	75,511	--	92,260
40,500	862	--	24,960	--	26,858
1,629,954	77,972	161,818	246,944	108,811	--
4,332	--	--	2,075	--	1,275
1,707	661	--	6,310	--	3,942
1,874	--	--	6,017	--	1,768
4,801	--	--	1,615	--	1,928
2,656	--	--	324	--	7,300
254	(3,862)	(3,000)	(4,038)	--	14
1,205	--	--	230	--	722
531	2,250	--	1,843	--	195
423	26,685	83,694	19,865	16,321	1,448
--	--	--	--	--	--
--	--	--	--	--	--
1,786,539	106,894	242,512	381,656	125,132	137,710
19,562	463	--	15,027	--	18,360
1,806,101	107,357	242,512	396,683	125,132	156,070
--	--	--	--	--	--
--	--	--	--	--	(916)
\$ --	\$ --	\$ --	\$ --	\$ --	\$ (916)

NEW OPPORTUNITIES, INC.
Schedule of Activities - Program Funds - Continued
Year Ended September 30, 2012

	<u>Child Lead</u>	<u>Substance Abuse Prevention</u>	<u>Substance Abuse Treatment</u>
Revenues:			
Governmental Funding Sources:			
Iowa Department of Human Rights	\$ --	\$ --	\$ --
U.S. Department of Health and Human Services	--	--	--
Iowa Department of Public Health	16,780	274,492	421,892
Iowa Department of Education	--	--	--
Iowa Department of Human Services	--	94,540	--
U.S. Department of Homeland Security	--	--	--
Various	--	--	--
In-Kind Contributions	--	--	--
Public Support and Contributions	--	89,937	32,020
Co-funding	37	3,119	--
Investment Income	--	2	--
Miscellaneous	<u>32,637</u>	<u>41,810</u>	<u>153,673</u>
Total Revenues	49,454	503,900	607,585
Expenses:			
Salaries and wages	18,692	214,821	239,213
Fringe benefits	6,136	77,296	79,710
Assistance to individuals	--	--	21,712
Professional fees and contracted services	1,440	10,872	6,613
Travel	387	33,197	13,674
Occupancy	2,429	12,277	28,932
Utilities and telephone	524	8,323	13,951
Supplies and materials	12,295	71,557	23,412
Equipment	3,105	4,827	20,921
Printing, publications and postage	403	9,018	7,507
Insurance	176	1,235	1,978
Miscellaneous	147	8,526	7,277
Co-Funding	--	--	--
In-Kind:			
Labor	--	--	--
Materials and other	<u>--</u>	<u>--</u>	<u>--</u>
Total Expenses Before Allocation of Indirect Costs	45,734	451,949	464,900
Allocation of Indirect Costs	<u>3,720</u>	<u>42,750</u>	<u>47,604</u>
Total Expenses	<u>49,454</u>	<u>494,699</u>	<u>512,504</u>
Excess of Revenues Over Expenses (Expenses Over Revenues)	--	9,201	95,081
Net Assets (Deficit) at Beginning of Year	<u>10,908</u>	<u>71,342</u>	<u>248,170</u>
Net Assets (Deficit) at End of Year	<u>\$ 10,908</u>	<u>\$ 80,543</u>	<u>\$ 343,251</u>

See accompanying independent auditor's report.

Schedule 1

Early Childhood Iowa	DCAT	Other	Eliminations	Total
\$ --	\$ --	\$ --	\$ --	\$ 2,838,799
--	--	67,929	--	2,164,807
--	--	4,025	--	1,400,737
417,383	--	--	--	1,013,632
54,334	57,267	--	--	267,477
--	--	--	--	4,813
--	--	34,050	--	130,155
--	--	--	--	515,934
--	--	198,636	--	543,700
--	--	19,131	--	48,162
--	--	--	--	2
--	--	167,672	(124,966)	415,636
471,717	57,267	491,443	(124,966)	9,343,854
39,321	20,475	163,893	--	2,580,957
12,261	7,477	49,981	--	840,026
333,212	--	90,340	--	3,381,538
73,200	23,836	25,017	--	205,907
4,549	828	22,774	--	206,367
3,000	25	23,917	--	261,262
193	--	12,042	--	102,648
1,079	768	30,898	--	317,756
129	--	14,676	--	65,657
303	517	1,767	--	42,252
1,343	40	2,485	--	28,088
3,127	3,301	23,515	(124,966)	134,308
--	--	--	--	48,162
--	--	--	--	67,849
--	--	--	--	448,085
471,717	57,267	461,305	(124,966)	8,730,862
--	--	23,135	--	501,707
471,717	57,267	484,440	(124,966)	9,232,569
--	--	7,003	--	111,285
--	22	(172,730)	--	52,598
\$ --	\$ 22	\$ (165,727)	\$ --	\$ 163,883

NEW OPPORTUNITIES, INC.
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2012

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant or Program Number</u>
U.S. Department of Health and Human Services		
Direct Programs		
Health Center Planning Grant	93.527	P04C522836
Head Start Program	93.600	07CH 6107/45
Head Start Program	93.600	07CH 6107/46
Early Head Start	93.600	07CH 6107/45
Early Head Start	93.600	07CH 6107/46
Indirect Programs		
Passed through Iowa Department of Human Rights		
Low-Income Home Energy Assistance Program	93.568	LIHEAP-12-01
Weatherization Assistance	93.568	HEAP 11-01B
Weatherization Assistance	93.568	HEAP 12-01B
Community Services Block Grant	93.569	CSBG 11-01
Community Services Block Grant	93.569	CSBG 12-01
Passed through Iowa Department of Public Health		
Family Planning	93.217	5882 MH07
Comprehensive Substance Abuse Prevention - SPF SIG	93.243	5882 CP04
Comprehensive Substance Abuse Prevention - SPF SIG	93.243	5883 CP04
Access to Recovery	93.275	42-0923412
CHIPRA II Teen Outreach	93.767	5882MH07
Comprehensive Substance Abuse Prevention	93.959	5882 CP04
Comprehensive Substance Abuse Prevention	93.959	5883 CP04
Substance Abuse Prevention and Treatment Block Grant	93.959	MED-09-020
Substance Abuse Prevention and Treatment Block Grant	93.959	MIS-209851-000
Maternal Health	93.994	5882 MH07
Child Health	93.994	5882 MH07
Dental Health	93.994	5882 MH07

(continued next page)

<u>Period of Grant</u>	<u>Federal Expenditures</u>
09/01/11 - 12/31/12	\$ 67,929
12/01/10 - 11/30/11	342,565
12/01/11 - 11/30/12	1,286,045
12/01/10 - 11/30/11	79,120
12/01/11 - 11/30/12	<u>389,148</u>
	2,096,878
10/01/11 - 09/30/12	1,806,101
01/01/11 - 12/31/11	40,297
01/01/12 - 12/31/12	<u>67,060</u>
	1,913,458
10/01/10 - 12/31/11	65,316
10/01/11 - 12/31/12	<u>96,273</u>
	161,589
10/01/11 - 09/30/12	57,996
07/01/11 - 06/30/12	114,016
07/01/12 - 06/30/13	<u>31,792</u>
	145,808
12/01/10 - 09/30/14	87,162
10/01/11 - 09/30/12	4,025
07/01/11 - 06/30/12	43,711
07/01/12 - 06/30/13	13,851
01/01/11 - 06/30/12	87,081
07/01/12 - 06/30/13	<u>29,167</u>
	173,810
10/01/11 - 09/30/12	31,063
10/01/11 - 09/30/12	35,160
10/01/11 - 09/30/12	<u>4,006</u>
	70,229

NEW OPPORTUNITIES, INC.
Schedule of Expenditures of Federal Awards - continued
Year Ended September 30, 2012

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant or Program Number</u>
U.S. Department of Health and Human Services		
Indirect Programs - Continued		
Passed through Iowa Department of Human Services		
Promoting Safe and Stable Families	93.556	DCAT-1-12-033
Promoting Safe and Stable Families	93.556	DCAT 1-12-033
 Community for Adolescent Pregnancy Prevention	93.558	BDPS-06-062
Community for Adolescent Pregnancy Prevention	93.558	ACFS-13-003
 Social Services Block Grant	93.667	V2010-05-05
Social Services Block Grant	93.667	V2010-05-05
 Passed through Partnership 4 Families		
Early Childhood Funds Under Empowerment	93.575	ACFS-12-044
Early Childhood Funds Under Empowerment	93.575	ACFS-13-017
 <i>Total U.S. Department of Health and Human Services</i>		
U.S. Department of Homeland Security		
Direct Program		
Emergency Food and Shelter Program	97.024	EFSP - Phase 29
U.S. Department of Energy		
Indirect Programs		
Passed through Iowa Department of Human Rights		
ARRA - Weatherization Assistance	81.042	DOE-ARRA-09-01B
Weatherization Assistance	81.042	DOE-12-01B
 <i>Total U.S. Department of Energy</i>		
U.S. Department of Agriculture		
Indirect Programs		
Passed through Iowa Department of Public Health		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5882 A033
 Passed through Iowa Department of Education		
Child and Adult Care Food Program (Day Care Homes)	10.558	14-8015
Child and Adult Care Food Program (Head Start)	10.558	14-8010
 Summer Food Service Program	10.559	14-8010
 Passed through Iowa Department of Agriculture & Land Stewardship		
Farmers Market	10.572	3IA810850
 <i>Total U.S. Department of Agriculture</i>		

(continued next page)

<u>Period of Grant</u>	<u>Federal Expenditures</u>
07/01/11 - 06/30/12	\$ 13,814
07/01/12 - 06/30/13	<u>4,116</u>
	17,930
07/01/11 - 06/30/12	51,048
07/01/12 - 06/30/13	<u>8,202</u>
	59,250
07/01/09 - 06/30/12	736
07/01/12 - 06/30/13	<u>245</u>
	981
07/01/11 - 06/30/12	40,662
07/01/12 - 06/30/13	<u>13,672</u>
	54,334
	4,911,379
01/01/11 - 12/31/11	4,813
04/01/09 - 03/31/12	386,200
04/01/12 - 03/31/13	<u>242,512</u>
	628,712
10/01/11 - 09/30/12	375,118
10/01/11 - 09/30/12	515,947
10/01/11 - 09/30/12	<u>74,651</u>
	590,598
10/01/11 - 09/30/12	5,651
05/01/11 - 12/31/14	<u>564</u>
	971,931

NEW OPPORTUNITIES, INC.
Schedule of Expenditures of Federal Awards - continued
Year Ended September 30, 2012

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant or Program Number</u>
U.S. Department of Housing and Urban Development		
Indirect Programs		
Passed through Iowa Finance Authority		
Homeless Assistance Program	14.231	11-II-56024
Emergency Solutions Grant	14.231	E-12-DC-19-0001
 ARRA - Homeless Prevention & Rapid Rehousing Program	 14.257	 509-04-19-001
<i>Total U.S. Department of Housing and Urban Development</i>		
Total Expenditures of Federal Awards		
<i>Total Direct Programs</i>		
<i>Total Indirect Programs</i>		

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of New Opportunities, Inc., and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

See accompanying independent auditor's report.

Schedule 2

<u>Period of Grant</u>	<u>Federal Expenditures</u>
01/01/11 - 12/31/11	\$ 1,575
01/01/12 - 12/31/12	<u>7,336</u>
	8,911
07/14/09 - 07/13/12	<u>96,105</u>
	<u>105,016</u>
	<u>\$ 6,621,851</u>
	\$ 2,169,620
	\$ 4,452,231

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Community Services Block Grants
Year Ended September 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number CSBG 11-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 65,316	\$ 65,316	\$ --
Program Expenditures:			
Personnel	\$ 34,021	\$ 35,095	\$(1,074)
Travel	2,719	1,731	988
Space Costs	1,362	834	528
Equipment	2,823	1,323	1,500
Co-Funded Programs	8,174	9,593	(1,419)
Other Costs	11,193	11,267	(74)
Indirect Costs	5,024	5,473	(449)
Total Expenditures	\$ 65,316	\$ 65,316	\$ --
<u>Contract Number CSBG 12-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 239,770	\$ 96,273	\$ 143,497
Program Expenditures:			
Personnel	\$ 79,352	\$ 42,760	\$ 36,592
Travel	6,000	3,368	2,632
Space Costs	2,500	1,207	1,293
Equipment	5,000	300	4,700
Co-Funded Programs	120,000	38,569	81,431
Other Costs	14,418	3,369	11,049
Indirect Costs	12,500	6,700	5,800
Total Expenditures	\$ 239,770	\$ 96,273	\$ 143,497

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Low-Income Home Energy Assistance Program
Year Ended September 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number LIHEAP-12-01-B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 1,834,540	\$ 1,806,101	\$ 28,439
Program Expenditures:			
Regular Assistance	\$ 1,362,086	\$ 1,333,647	\$ 28,439
Energy Crisis Intervention Payments	83,533	83,533	--
Client Services	23,608	23,608	--
Summer Deliverable Fuel Program	212,774	212,774	--
Administration Costs	152,539	152,539	--
Total Expenditures	\$ 1,834,540	\$ 1,806,101	\$ 28,439

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Weatherization Assistance Programs
Year Ended September 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number HEAP 11-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 362,952	\$ 40,297	\$ 322,655
Program Expenditures:			
Administration Costs	\$ 22,336	\$ --	\$ 22,336
Weatherization Materials	100,338	995	99,343
Support Costs	106,284	17,492	88,792
Labor	108,694	510	108,184
Health and Safety	(4,700)	28,400	(33,100)
Equipment and Training	30,000	(7,100)	37,100
Pollution Occurrence Insurance	--	--	--
Total Expenditures	<u>\$ 362,952</u>	<u>\$ 40,297</u>	<u>\$ 322,655</u>
<u>Contract Number HEAP 12-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 539,966	\$ 67,060	\$ 472,906
Program Expenditures:			
Administration Costs	\$ 27,133	\$ --	\$ 27,133
Weatherization Materials	131,718	6,893	124,825
Support Costs	122,831	7,459	115,372
Labor	131,718	9,024	122,694
Health and Safety	96,566	32,150	64,416
Equipment and Training	30,000	9,284	20,716
Pollution Occurrence Insurance	--	2,250	(2,250)
Total Expenditures	<u>\$ 539,966</u>	<u>\$ 67,060</u>	<u>\$ 472,906</u>

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Weatherization Assistance Programs
Year Ended September 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number DOE-ARRA-09-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 386,200	\$ 386,200	\$ --
Program Expenditures:			
Administration Costs	\$ 70,832	\$ --	\$ 70,832
Administration - Equipment	10,528	--	10,528
Training and Technical Assistance	38,240	38,240	--
Weatherization Materials	199,220	134,783	64,437
Support Costs	79,584	79,584	--
Labor	115,657	171,442	(55,785)
Work in Process	(142,903)	(142,903)	--
Health and Safety	15,042	105,054	(90,012)
Total Expenditures	<u>\$ 386,200</u>	<u>\$ 386,200</u>	<u>\$ --</u>
<u>Contract Number DOE-12-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 288,600	\$ 242,512	\$ 46,088
Program Expenditures:			
Administration Costs	\$ 14,430	\$ 14,430	\$ --
Administration - Equipment	--	(3,000)	3,000
Weatherization Materials	75,036	52,789	22,247
Support Costs	69,264	69,264	--
Labor	75,036	66,885	8,151
Health and Safety	54,834	42,144	12,690
Total Expenditures	<u>\$ 288,600</u>	<u>\$ 242,512</u>	<u>\$ 46,088</u>

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Weatherization Assistance Programs
Year Ended September 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number BHE 12-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 23,209	\$ 11,387	\$ 11,822
Program Expenditures:			
Administrative Costs	\$ 1,160	\$ 297	\$ 863
Support Costs	2,321	1,188	1,133
Labor	9,864	5,322	4,542
Weatherization Materials	9,864	4,580	5,284
Total Expenditures	\$ 23,209	\$ 11,387	\$ 11,822
<u>Contract Number IPL 12-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 51,247	\$ 29,527	\$ 21,720
Program Expenditures:			
Administrative Costs	\$ 2,562	\$ 770	\$ 1,792
Support Costs	5,125	3,081	2,044
Labor	21,780	13,618	8,162
Weatherization Materials	21,780	12,058	9,722
Total Expenditures	\$ 51,247	\$ 29,527	\$ 21,720
<u>Contract Number MEC 12-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 108,254	\$ 84,218	\$ 24,036
Program Expenditures:			
Administrative Costs	\$ 5,413	\$ 2,207	\$ 3,206
Support Costs	10,825	8,778	2,047
Labor	46,008	34,762	11,246
Weatherization Materials	46,008	38,471	7,537
Total Expenditures	\$ 108,254	\$ 84,218	\$ 24,036

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures
Administrative Fund
Year Ended September 30, 2012

	<u>Miscellaneous</u>	<u>Indirect Cost Pool</u>	<u>Total</u>
Revenues:			
Public Support and Contributions	\$ 2,048	\$ --	\$ 2,048
Investment Income (Loss)	(17,453)	--	(17,453)
Rental Income	121,083	--	121,083
Miscellaneous	<u>28,151</u>	<u>--</u>	<u>28,151</u>
Total Revenues	<u>\$ 133,829</u>	<u>\$ --</u>	<u>\$ 133,829</u>
Expenditures:			
Salaries and Wages	\$(1,433)	\$ 345,740	\$ 344,307
Fringe Benefits	--	111,062	111,062
Professional Fees and Contracted Services	8,002	21,771	29,773
Travel	--	10,991	10,991
Occupancy	13,096	16,387	29,483
Utilities and Telephone	286	9,192	9,478
Supplies and Materials	373	3,739	4,112
Printing, Publications and Postage	245	158	403
Insurance	--	3,566	3,566
Interest Expense	82,844	--	82,844
Amortization	1,304	--	1,304
Miscellaneous	<u>135</u>	<u>4,411</u>	<u>4,546</u>
Total Expenditures Before Allocation of Indirect Costs	104,852	527,017	631,869
Allocation of Indirect Costs	<u>--</u>	<u>(501,707)</u>	<u>(501,707)</u>
Total Expenditures	<u>\$ 104,852</u>	<u>\$ 25,310</u>	<u>\$ 130,162</u>

See accompanying independent auditor's report.

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Directors of
New Opportunities, Inc.
Carroll, Iowa

We have audited the financial statements of New Opportunities, Inc. as of and for the year ended September 30, 2012, and have issued our report thereon dated January 23, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of New Opportunities, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered New Opportunities, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of New Opportunities, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and, therefore, there can be no assurance all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined below.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Agency's financial statements will not be prevented or detected and corrected on a timely basis.

To the Board of Directors of
New Opportunities, Inc.

A significant deficiency is a deficiency or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Opportunities, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of New Opportunities, Inc. and other parties to whom the Agency may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Simenold, Bill, Thylmer & Co. P.C.

Atlantic, Iowa
January 23, 2013

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Compliance
with Requirements That Could Have a Direct and Material Effect on
Each Major Program and on Internal Control over Compliance
In Accordance With OMB Circular A-133

To the Board of Directors of
New Opportunities, Inc.
Carroll, Iowa

Compliance

We have audited the compliance of New Opportunities, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal programs for the year ended September 30, 2012. New Opportunities, Inc.'s major federal programs are identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of New Opportunities, Inc.'s management. Our responsibility is to express an opinion on New Opportunities, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about New Opportunities, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on New Opportunities, Inc.'s compliance with those requirements.

In our opinion, New Opportunities, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended September 30, 2012.

To the Board of Directors of
New Opportunities, Inc.

Internal Control Over Compliance

The management of New Opportunities, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered New Opportunities, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of New Opportunities, Inc.'s internal control over compliance.

A deficiency in the Agency's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the Agency's internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of New Opportunities, Inc. and other parties to whom the Agency may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Stromwell, Bill, Hughes + Co. P.C.

Atlantic, Iowa
January 23, 2013

NEW OPPORTUNITIES, INC.

Schedule of Findings and Questioned Costs

Year ended September 30, 2012

PART I: Summary of the Independent Auditor's Results

Financial Statements

- (a) Type of auditor's report issued:
- An unqualified opinion was issued on the financial statements.
- (b) Internal control over financial reporting:
- Material weakness(es) identified? ☐ yes ☒ no
 - Significant deficiency(ies) identified? ☐ yes ☒ none reported
- (c) Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

- (d) Internal control over major programs:
- Material weakness(es) identified? ☐ yes ☒ no
 - Significant deficiency(ies) identified? ☐ yes ☒ none reported
- (e) Type of auditor's report issued on compliance for major programs:
- Unqualified.
- (f) Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of the OMB Circular A-133? ☐ yes ☒ no
- (g) Identification of major programs:
- Head Start Program:
- CFDA Number 93.600
- Weatherization Assistance:
- CFDA Number 81.042-ARRA
 - CFDA Number 81.042
- Special Supplemental Nutrition Program for Women, Infants and Children:
- CFDA Number 10.557
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.
- (i) Auditor qualify as low-risk auditee? ☒ yes ☐ no

NEW OPPORTUNITIES, INC.
Schedule of Findings and Questioned Costs
Year ended September 30, 2012

Part II: Findings Related to the Financial Statements:

No findings were noted for the year ended September 30, 2012.

Part III: Findings and Questioned Costs For Federal Awards:

No findings were noted for the year ended September 30, 2012.

Part IV: Other Findings Related to Required Statutory Reporting:

Early Childhood Iowa Area Board: New Opportunities, Inc. (the Agency) is the fiscal agent for Partnership 4 Families (the Organization), an Early Childhood Iowa organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Organization are included in the Agency's financial statements because of the Agency's fiduciary relationship with the Organization. A reconciliation of the Organization's June 30, 2012 financial data to the Agency's September 30, 2012 financial data is included as part of Note 10 to the financial statements.

No instances of non-compliance were noted as a result of the audit procedures performed.

* * *